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Morocco

Grain and Feed

Final Wheat and Barley Production Estimates

2005

Approved by:
Michael J. Fay
U.S. Embassy, Rabat, Morocco

Prepared by:
Aziz Abdelali

Report Highlights:
The Ministry of Agriculture revised upward the 2005 wheat and barley production figures. Total imports are revised downward slightly and the US TRQ, although virtually unchanged, is unlikely to be filled if the US FTA comes into effect January 1, 2006. The prevailing price conditions, namely the cheap wheat from the black sea, combined with the likelihood that the EU TRQ, that is subject to the same preference, will also be available from January to May 2006, will not play in favor of US sales to Morocco.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Rabat [MO1]
[MO]

The Ministry of Agriculture just issued final figures for the wheat and barley production in Morocco during the 2005 crop year. The new production figures for wheat are significantly higher than the initial estimates released by the Ministry in May 2005. The total import figures forecast have been lowered to take into account the higher production.

The size of the TRQ for common wheat (non-durum) that would have been made available to US exporters if the FTA between Morocco and United States had been implemented will remain virtually unchanged (700,000 MT) and will have to be used by May 31, 2006.

The table below provides the new figures as published by the Ministry of Agriculture:

	2000	2001	2002	2003	2004	2005 May Estim.	2005 Final	% Increase
Planted Area (1000 ha)								
- Durum Wheat (1)	*1,079*	*977*	*882*	*1,093*	*1,111*	*1,059*	*1,059*	No Change
- Soft Wheat (2)	*1,823*	*1,724*	*1,745*	*1,896*	*1,953*	*1,907*	*1,907*	No Change
Total Wheat (1)+(2)	2,902	2,701	2,626	2,989	3,064	2,966	2,966	
Barley	2,251	2,126	2,002	2,267	2,324	2,180	2,180	No Change
Total Planted	**5,153**	**4,827**	**4,629**	**5,255**	**5,388**	**5,146**	**5,146**	
Production (1000 MT)								
- Durum Wheat (1)	*427*	*1,039*	*1,032*	*1,766*	*2,025*	*767*	*941*	22.7%
- Soft Wheat (2)	*953*	*2,278*	*2,325*	*3,381*	*3,515*	*1,753*	*2,102*	20.0%
Total Wheat (1)+(2)	1,381	3,316	3,357	5,147	5,540	2,519	3,043	20.8%
Barley	467	1,155	1,669	2,620	2,760	1,055	1,102	4.5%
Total Production	**1,848**	**4,472**	**5,026**	**7,767**	**8,300**	**3,574**	**4,145**	**16.0%**

Source: Ministry of Agriculture

TRADE

EU TRQ's

Based on the level of the Moroccan common wheat production this year, the EU TRQ for bread wheat is 1.060 MMT to be filled between August 2005 and May 31, 2006. On August 31, 2005, the Moroccan Cereal Office (ONICL) tendered for a total of 250,000 MT of bread wheat to be delivered by October 31 as part of the EU TRQ. The tender resulted in importers committing for 170,000 MT mostly in lots of 5,000 MT and paying, in addition to the preferential duty they will incur at Customs, compensation to ONICL averaging 343.94 dh/MT (indicative exchange rate $1=9.0 dh). Sources indicated that the large carry-over stocks from last year combined with competitively priced wheat from Russia discouraged importers to commit to imports under the EU Agreement.

Lower ONICL Purchases this year

The Moroccan government continues to subsidize the equivalent of 1.0 MMT of flour each year (1.2 MMT of wheat). This subsidized wheat is marketed through official channels is supplied from the local crop as well as from ONICL supervised imports. Sources indicated that due to the large local stocks from last year, ONICL, may not be in the market until late in the marketing year.

Impact on US TRQ

Assuming the US FTA comes into effect January 1, 2006, filling the US TRQ will be challenging for several reasons:

1) Competitively priced Russian wheat (Currently Russian wheat is landed C&F Casablanca at about $135/MT).
2) Likelihood that EU TRQ (same preference as wheat from the United States) will not be filled by January and thus might displace the US wheat during the January-May.
3) Large carry-over stocks from last year combined with a higher than expected local crop that will fulfill most of the demand for the wheat used to produce subsidized flour.

On the other hand, some imports from the United States are possible to occur as millers might purchase high quality (high priced) US wheat for blending with cheaper wheat from other origins.

Barley Imports

Barley imports are likely to continue at a rapid pace to offset the low production and the relatively poor pasture conditions this year. As reported in MO5016, the government announced in May 2005 the exoneration of barley imports from the import value added tax (7 percent) and from import duties (35 percent) through December 2005. Whether the government will prorogate this measure beyond December 2005 will depend heavily on the rainfall received during the fall which determine pasture conditions. The same measure was taken as a result of the poor crop in 2001 but was not continued after December 2001.

The 2006 Crop Outlook

It is still too early to give any perspective on grain plantings in Morocco. The rainy season starts generally around mid-October. No significant rainfall has been recorded yet this season but in favorable areas where mechanization is available some fields are currently being plowed in preparation for full rains. Typically, however, Moroccan farmers tend to wait for the first significant rain before they start plowing and planting fall grains.

PSD Table, Morocco, Wheat

(1000 HA)(1000 MT)							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		07/2003		07/2004		07/2005	MM/YYYY
Area Harvested	2989	2989	3064	3064	3000	2966	(1000 HA)
Beginning Stocks	1143	1235	2231	2312	2971	3152	(1000 MT)
Production	5147	5147	5540	5540	2500	3043	(1000 MT)
TOTAL Mkt. Yr. Imports	2414	2575	2200	2200	2900	2700	(1000 MT)
Jul-Jun Imports	2414	2575	2200	2200	2900	2700	(1000 MT)
Jul-Jun Import U.S.	402	491	28	80	0	400	(1000 MT)
TOTAL SUPPLY	8704	8957	9971	10052	8371	8895	(1000 MT)
TOTAL Mkt. Yr. Exports	73	45	100	100	100	100	(1000 MT)
Jul-Jun Exports	73	45	100	100	100	100	(1000 MT)
Feed Dom. Consumption	200	0	200	100	200	100	(1000 MT)
TOTAL Dom. Consumption	6400	6600	6900	6800	7000	6800	(1000 MT)
Ending Stocks	2231	2312	2971	3152	1271	1995	(1000 MT)
TOTAL DISTRIBUTION	8704	8957	9971	10052	8371	8895	(1000 MT)

PSD Table, Morocco, Barley

(1000 HA)(1000 MT)							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		07/2003		07/2004		07/2005	MM/YYYY
Area Harvested	2267	2267	2324	2324	2000	2180	(1000 HA)
Beginning Stocks	225	253	636	610	746	1170	(1000 MT)
Production	2620	2620	2760	2760	1100	1102	(1000 MT)
TOTAL Mkt. Yr. Imports	91	137	400	300	400	800	(1000 MT)
Oct-Sep Imports	143	198	400	200	400	800	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	18	(1000 MT)
TOTAL SUPPLY	2936	3010	3796	3670	2246	3072	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Exports	0	0	0	0	0	0	(1000 MT)
Feed Dom. Consumption	1400	1400	1850	1500	1300	1300	(1000 MT)
TOTAL Dom. Consumption	2300	2400	3050	2500	2000	2450	(1000 MT)
Ending Stocks	636	610	746	1170	246	622	(1000 MT)
TOTAL DISTRIBUTION	2936	3010	3796	3670	2246	3072	(1000 MT)